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**TECHE ACTION
BOARD, INC.
Franklin, Louisiana**

**Financial and Compliance Report
May 31, 2010 and 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/29/10

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana


I have audited the accompanying statement of financial position of Teche Action Board, Inc., (a non-profit organization) as of May 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Teche Action Board, Inc., as of May 31, 2009, were audited by other auditors whose report dated December 1, 2009, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Teche Action Board, Inc. as of May 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 16, 2010, on my consideration of Teche Action Board, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Teche Action Board, Inc. taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements of Teche Action Board, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Teche Action Board, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


September 16, 2010

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Statement of Financial Position
As of May 31,

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 931,419	\$ 262,731
Patient accounts receivable, net	705,959	585,308
Supplies inventory	160,458	84,670
Prepaid expenses	23,864	28,811
Other receivables	1,467	414
Total Current Assets	<u>1,823,167</u>	<u>961,934</u>
Property, Plant and Equipment		
Land improvements	149,612	149,612
Building and improvements	2,245,785	1,751,809
Furniture and equipment	1,497,784	1,183,425
Vehicles	75,595	75,595
	<u>3,968,776</u>	<u>3,160,441</u>
Less accumulated depreciation	<u>(1,851,940)</u>	<u>(1,659,656)</u>
	2,116,836	1,500,785
Construction in progress	1,375,864	273,971
Land	294,929	224,929
Net Property, Plant and Equipment	<u>3,787,629</u>	<u>1,999,685</u>
Other Assets		
Investments	<u>1,271,872</u>	<u>1,050,994</u>
Total Assets	<u>\$ 6,882,668</u>	<u>\$ 4,012,613</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 351,506	\$ 299,267
Accrued payroll and related liabilities	351,686	329,461
Line of credit	650,000	450,000
Current portion of capital lease	26,261	32,098
Total Current Liabilities	<u>1,379,453</u>	<u>1,110,826</u>
Long Term Liabilities		
Capital lease payable - net of current portion	<u>81,248</u>	<u>-</u>
Total Liabilities	<u>1,460,701</u>	<u>1,110,826</u>
Net Assets		
Unrestricted net assets	<u>5,421,967</u>	<u>2,901,787</u>
Total Liabilities and Net Assets	<u>\$ 6,882,668</u>	<u>\$ 4,012,613</u>

See accompanying notes to financial statements.

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Statement of Activities
For The Year Ended May 31,

	<u>2010</u>	<u>2009</u>
Revenue and Support		
Revenue:		
Net patient service revenue	\$ 5,354,505	\$ 4,129,454
Support:		
Grant, Public Health Service	2,780,667	2,737,250
Other grants and contracts	3,527,974	166,678
State PPS refund	-	2,396
Interest	57,538	32,332
Other income	250,859	316,359
Unrealized gain (loss) on investments	(13,142)	17,609
Total Support	<u>6,603,896</u>	<u>3,272,624</u>
Total Revenue and Support	<u>11,958,401</u>	<u>7,402,078</u>
Expenses		
Program services	6,134,182	4,726,052
Management and general	<u>3,304,039</u>	<u>3,095,623</u>
Total Expenses	<u>9,438,221</u>	<u>7,821,675</u>
Change in Net Assets	2,520,180	(419,597)
Net Assets - Beginning of Year	<u>2,901,787</u>	<u>3,321,384</u>
Net Assets - End of Year	<u>\$ 5,421,967</u>	<u>\$ 2,901,787</u>

See accompanying notes to financial statements.

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Statement of Cash Flows
For The Year Ended May 31,

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,520,180	\$ (419,597)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	192,284	189,889
Change in allowance for doubtful accounts	136,229	(325,707)
(Increase) decrease in accounts receivable	(257,933)	835,532
(Increase) decrease in supplies inventory	(75,788)	(13,596)
(Increase) decrease in prepaid expenses	4,947	(5,532)
Increase (decrease) in accounts payable	52,239	221,478
Increase (decrease) in accrued payroll and related expenses	22,225	5,597
Other	-	2,788
Net Cash Provided (Used) by Operating Activities	<u>2,594,383</u>	<u>490,852</u>
Cash Flows From Investing Activities		
Proceeds from certificate of deposit	-	505,288
Proceeds from sale of investments	29,122	-
Purchase of investments	(250,000)	(1,053,508)
Fixed asset acquisitions	<u>(1,980,228)</u>	<u>(797,082)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,201,106)</u>	<u>(1,345,302)</u>
Cash Flows From Financing Activities		
Proceeds from capital lease	144,640	-
Principal payments on capital lease	(69,229)	(44,539)
Proceeds from line of credit	<u>200,000</u>	<u>450,000</u>
Net Cash Provided (Used) by Financing Activities	<u>275,411</u>	<u>405,461</u>
Net Increase (Decrease) in Cash and Cash Equivalents	668,688	(448,989)
Cash and Cash Equivalents - Beginning of Year	<u>262,731</u>	<u>711,720</u>
Cash and Cash Equivalents - End of Year	<u>\$ 931,419</u>	<u>\$ 262,731</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 25,165</u>	<u>\$ 8,670</u>

See accompanying notes to financial statements.

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Schedule of Functional Expenses
As of May 31, 2010

	Program Services	Supporting Services Management & General	Total	
			2010	2009
Salaries	\$ 4,045,984	\$ 1,464,981	\$ 5,510,965	\$ 4,249,131
Fringe benefits	556,481	295,953	852,434	610,170
Medical contract expense	239,323	63	239,386	170,130
Non-medical contract expense	42,725	266,805	309,530	524,833
Supplies	986,422	180,870	1,167,292	962,466
Travel expense	46,183	99,734	145,917	181,680
Repairs and maintenance	46,966	123,467	170,433	122,871
Utilities	-	78,140	78,140	74,057
Telephone and postage	90,021	107,016	197,037	150,188
Dues and subscriptions	9,689	26,345	36,034	37,411
Insurance	32,392	65,572	97,964	81,236
Organization meeting	152	26,341	26,493	14,218
Advertising	1,014	31,693	32,707	36,465
Depreciation	-	192,284	192,284	189,889
Lease expense	27,394	49,847	77,241	74,391
Interest	437	24,728	25,165	8,670
Rental expense	-	2,384	2,384	6,818
Bad debt expense	-	152,522	152,522	246,710
Loss on disposal of equipment	-	-	-	4,260
Other	8,999	115,294	124,293	76,083
Total Functional Expenses	<u>\$ 6,134,182</u>	<u>\$ 3,304,039</u>	<u>\$ 9,438,221</u>	<u>\$ 7,821,675</u>

See accompanying notes to financial statements.

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements
May 31, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Teche Action Board, Inc., (a nonprofit corporation) operates as Teche Action Clinic. The Organization was incorporated in May 1974 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged.

Income Taxes

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is included in the financial statements.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Advertising Expense

The Organization expenses the cost of advertising as the expense is incurred. For the years ended May 31, 2010 and 2009, the cost totaled \$32,707 and \$36,465, respectively.

Property and Equipment

Property and equipment is stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$3,000. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	5 - 35
Equipment, furniture and fixtures	3 - 20
Vehicles	10

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounts Receivable

The Organization records accounts receivable at the time of service according to fees developed from cost data of this and similar organizations. These amounts are often reduced because of the patients' inability to pay or because of disallowances and reductions from third party payors.

Bad Debts

The Organization uses the allowance method in accounting for its un-collectible accounts. The allowance account consists of an estimate of uncollectible accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past patient history, any adverse situations that might affect the patient's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

Inventory

Supply inventories are stated at lower of cost, determined by the FIFO method, or market.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

Grants and Contributions

Grants and contributions are recognized as income when received. The Board reports grants as temporarily restricted support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned.

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Retirement Plan

The Organization has a 401(k) retirement plan for eligible employees. The plan provides for a mandatory 3% safe-harbor matching contribution. The Organization will also match 50% of an employee's contributions up to an additional 2%. All participating employees are fully vested immediately. To be eligible, an employee must be employed with the Organization for at least one year and must be at least eighteen years of age. Retirement expense recognized was \$89,857 and \$87,282 for fiscal years ending May 31, 2010 and 2009, respectively.

Investments

The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

NOTE 2 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable are comprised of the following for the years ending May 31,:

	<u>2010</u>	<u>2009</u>
Medicare	\$ 414,598	\$ 89,231
Medicaid	236,979	341,681
Private	<u>313,965</u>	<u>277,750</u>
	965,542	708,662
Less allowance for doubtful accounts	<u>259,583</u>	<u>123,354</u>
	<u>\$ 705,959</u>	<u>\$ 585,308</u>

NOTE 3 - COST REPORT RECEIVABLE

The Organization participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Organization participates in the Medicaid program as a federally qualified health center. Final settlements will be made upon completion of audits by program representatives.

NOTE 4 - ACCRUED VACATION

The Organization allows employees to carry 40 hours of unused vacation into the following year. An employee may carry over additional vacation hours only with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2010 and 2009, accrued vacation totaled \$210,049 and \$184,040, respectively.

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 5 - OPERATING LEASES

Effective July 2004, the Organization leased mailing equipment for 66 months at \$1,320 per quarter.

Effective September 2009, the Organization leased a modular building in Dulac, Louisiana. The lease is for 12 months for \$327 per month.

Effective August 2009, the Organization leased four copy machines for 48 months at \$1,568 per month.

Effective November 2009, the Organization leased a copy machine for 60 months at \$194 per month.

Effective May 2010, the Organization leased a copy machine for 60 months at \$208 per month.

Future minimum payments are as follows for the years ending May 31,:

2011	24,621
2012	23,640
2013	23,640
2014	7,960
2015	3,258

NOTE 6 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its total support and revenues from the federal government. During the years ended May 31, 2010 and 2009, Teche Action Board, Inc. recorded \$4,103,798 and 2,737,250, respectively, in grant support from the Department of Health and Human Services. This represents 34% and 37% of total support and revenues for the years ended May 31, 2010 and 2009.

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts at various banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had deposit balances that exceeded federally insured limits by \$684,970 and \$22,017 as of May 31, 2010 and 2009, respectively.

The majority of the Organization's patients are located in South Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors was as follows:

	2010	2009
Medicare	53 %	16 %
Medicaid	20	58
Other	27	26
	<u>100 %</u>	<u>100 %</u>

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 7 - CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The mix of net patient revenues was as follows:

	<u>2010</u>	<u>2009</u>
Medicare	25 %	22 %
Medicaid	42	45
Other	33	33
	<u>100 %</u>	<u>100 %</u>

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and supporting service functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Organization's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

NOTE 9 - CAPITAL LEASE

The Organization has entered into three lease agreements as lessee for financing the acquisition of various pieces of equipment and a portable building. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. The assets are depreciated over the lesser of their lease terms or their estimated productive lives. The capitalized costs on such leases were \$144,640 and \$224,609 for May 31, 2010 and 2009, respectively.

The accumulated depreciation on this equipment under capital lease was \$9,643 and \$139,314 at May 31, 2010 and 2009, respectively. The following is a schedule of the future minimum lease payments under capital lease, and the present value of the net minimum lease payments at May 31, 2010:

<u>Year Ending May 31,</u>	
2011	\$ 42,299
2012	42,299
2013	42,299
2014	<u>14,101</u>
Total Minimum Lease Payments	140,998
Less: Amount Representing Interest	<u>33,489</u>
Present Value of Future Minimum Lease Payments	<u>\$ 107,509</u>

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 10 – CHARITY CARE

The Organization provides care to patients who qualify under federal guidelines and other policies of the Organization at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The amount of charity care for the year ended May 31, 2010 and 2009 is \$2,009,743 and 1,331,369, respectively.

NOTE 11 – LINE OF CREDIT

The Organization opened a revolving line of credit with Regions Bank with a limit of \$650,000 and a maturity date of August 11, 2010. The line of credit is secured by all deposits and investments held by the Organization and bears interest of .75 percentage points over the prime rate of the lender. The balance outstanding on this line of credit was \$650,000 and \$450,000 at May 31, 2010 and 2009, respectively.

NOTE 12 – INVESTMENTS

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2010 are as follows:

	Amortized Cost	Fair Value	Unrealized Gain
Mortgage-Backed Securities (Level 1 In Active Markets)	\$ 1,016,013	\$ 1,021,872	\$ 5,859

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 12 – INVESTMENTS (continued)

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2009 are as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Mortgage-Backed Securities (Level 1 In Active Markets)	\$ 1,033,385	\$ 1,050,994	\$ 17,609

NOTE 13 – DONATED PHARMACEUTICALS

The Organization participates in several pharmaceutical distribution programs for indigent patients. Under these programs, free prescriptions are provided to eligible patients of the Organization. These amounts are not included in the statements of activities.

NOTE 14 – PRIOR YEAR BALANCES

Certain prior year amounts may have been reclassified to conform to current year presentation.

NOTE 15 - CONSTRUCTION IN PROGRESS

The Organization has various construction projects in progress at May 31, 2010. The following is a schedule of projects in which the Organization has future obligations:

	<u>Estimated Total Costs</u>	<u>Cost Incurred To Date</u>	<u>Estimated Completion Date</u>
Franklin Site Renovations	\$1,661,028	\$1,258,053	September 2010
Morgan City Site Modifications	\$ 39,800	\$ 21,707	August 2010

NOTE 16 – SUBSEQUENT EVENT

The Organization evaluated its May 31, 2010 financial statements for subsequent events through September 16, 2010, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which require recognition or disclosure in the financial statements.

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 17 – RELATED PARTY TRANSACTIONS

The following transactions occurred between the Organization and related parties:

The Organization paid SBAS.info, LLC \$119,162 during the FYE May 31, 2010 for IT services. The LLC is owned by the brother of a board member.

The Organization paid the daughter of the CFO of the Organization \$5,005 during the FYE May 31, 2010 for the preparation of grant applications.

The Organization paid radio station KBZE \$2,600 for advertising during the FYE May 31, 2010. KBZE is owned by a board member.

The Organization rented office equipment from A & E Office Machines, Inc. during the FYE May 31, 2010 for \$20,593. A & E Office Machines, Inc. is owned by the brother of a member of senior management of Teche Action Board, Inc.

NOTE 18 – FAIR VALUE OF INSTRUMENTS

The Organization has a number of financial instruments, none of which is held for trading purposes. The Organization estimates that the fair value of all financial instruments at May 31, 2010 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value; and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

TECHE ACTION BOARD, INC.

**Schedule of Expenditures of Federal Awards
Year Ended May 31, 2010**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Program Year</u>	<u>Program Receipts</u>	<u>Program Expenses</u>
U. S. Department of Health and Human Services					
Direct Programs:					
Community Health Center Section 330	93.224	H80CS00767-03-00	6/1/09 - 5/31/10	\$ 2,780,667	\$ 2,780,667
Recovery Act Health Ctr.	93.703	H8ACS11410	3/1/09 - 2/28/10	818,081	818,081
Recovery Act Health Ctr.	93.703	H8BCS12557	3/27/09 - 3/26/10	202,909	202,909
Recovery Act. Capital Improvement Program	93.703	C81CS13893	6/29/09 - 6/29/10	302,141	302,141
Total federal assistance				<u>\$ 4,103,798</u>	<u>\$ 4,103,798</u>

All programs consider major.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of SWLA Center for Health Services, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Certain costs have been allocated to the federal program in accordance with OMB Circular A-122, Cost Principles of Non-Profit Organizations. The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana

I have audited the financial statements of Teche Action Board, Inc. (a nonprofit organization) as of and for the year ended May 31, 2010, and have issued my report thereon dated September 16, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Teche Action Board, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Teche Action Board, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Teche Action Board, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when a design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Teche Action Board, Inc.'s internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Teche Action Board, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

This report is intended solely for the information of the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeLeon, CPA

September 16, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana

Compliance

I have audited the compliance of Teche Action Board, Inc., with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*" that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2010. Teche Action Board, Inc.'s, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Teche Action Board, Inc.'s, management. My responsibility is to express an opinion on Teche Action Board, Inc.'s, compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Teche Action Board's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Teche Action Board's compliance with those requirements.

In my opinion, Teche Action Board, Inc., complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2010.

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana
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Internal Control Over Compliance

The management of Teche Action Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Teche Action Board, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Teche Action Board, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeLeon, CPA

September 16, 2010

TECHE ACTION BOARD, INC.

**Schedule of Findings and Questioned Cost
Year Ended May 31, 2010**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes x No

Significant deficiency identified not considered
to be material weaknesses? _____ Yes x None reported

Noncompliance material to financial statements
noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes x No

Significant deficiency identified not considered
to be material weaknesses? _____ Yes x None reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Circular
A-133, Section .510 (a)? _____ Yes x No

Dollar threshold used to distinguish between
Type A and Type B programs:

\$500,000

Auditee qualified as low-risk auditee?

_____ Yes x No

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended May 31, 2010

SECTION II – FINDINGS AND QUESTIONED COSTS

NONE

TECHE ACTION BOARD, INC.
Franklin, Louisiana
Schedule of Prior Year Findings and Questioned Costs
Year Ended May 31, 2010

NONE